

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1047-01
Bill No.: HB 860
Subject: Education, Elementary and Secondary: Children and Minor
Type: Original
Date: April 16, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$0 to \$14,799,208)	(\$0 to \$15,243,184)	(\$0 to \$15,700,480)
State School Moneys	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	(\$0 to \$14,799,208)	(\$0 to \$15,243,184)	(\$0 to \$15,700,480)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
School Districts	(\$0 to \$4,616,292)	(\$0 to \$4,754,781)	(\$0 to \$4,897,424)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** state that there is a potential for minor increased state cost. DESE is unable to determine how many school boards may adopt such a policy or to estimate the number of students that would stay in school between the age of 16 and 17 rather than dropping out. If a 16-year-old that would have dropped out is in a district that increases the mandatory age to 17, the student may stay in school for another year. The attendance of this student in that year may increase the district's total average daily attendance on which it receives state foundation aid.

Oversight assumes, based on information provided by DESE for SB 951 and HB 1427 (2000), there could be an increase in the cost to fully fund the foundation formula due to an increase in attendance of students between the ages of 16 and 17. Based on the 1990 census, there would be approximately 6,500 students affected by increasing the compulsory attendance age to 17, if all school districts implemented the policy. The increased cost to fully fund the foundation formula is estimated as follows:

$$6,500 \text{ students} \times \$4,421 * \text{ formula amount per eligible pupil} \times 50\% ** = \$14,368,250$$

*\$4,421 is the average cost per pupil when local deductions remain constant. The actual cost is subject to appropriation. ($\$3.38 \times \$130,789/100$ for FY 2001)

**Assumes that only 50% of the students will stay in school.

Local cost: \$5,800 FY 1999 cost per pupil.

$$6,500 \text{ students} \times \$5,800 \times 50\% = \$18,850,000$$

In addition to funding by the state through the basic state aid formula, the remainder would come from miscellaneous sources of local, state or federal revenue. If no additional money is available, the district may not increase its spending, reducing the amount spend per student.

Based on a 3% inflation rate, the net cost to the school districts is:

FY 2002

\$14,799,208 State aid

(\$19,415,500) Local Cost

(\$ 4,616,292)

FY 2003

\$15,243,184 State aid

(\$19,997,965) Local Cost

(\$ 4,754,781)

ASSUMPTION (Continued)

FY 04

\$15,700,480 State aid
(\$20,597,904) Local cost
 (\$ 4,897,424)

Officials from the **Department of Social Services - Division of Youth Services (DOS-DYS)** stated that in FY 1999, 36 youth under the age of 16 were committed to DYS for truancy (an increase from 30 in FY 1998). According the Kids Count Missouri, the annual high school dropout rate for the 1998-99 school year was 4.8%, or approximately 12,457 dropouts. According to the 1998 Juvenile Court Statistics Report, there were 5,055 referrals for truancy made to the juvenile courts involving youth under the age of 16 years. Without information on the number and location of districts that may chose to increase compulsory school attendance to age 17, the division is unable to project the number of youth under age 17 who could be committed annually to DYS from the areas. Dependent upon decisions of the individual school boards, the division anticipates a need to be prepared to provide increased alternative school options for youth under ages 17 who are under its supervision. The division anticipates it would be able to absorb this increase within the existing budget.

Officials from the **Department of Social Service - Division of Family Services (DOS-DFS)** state there will be no fiscal impact on DOS-DFS. The proposed legislation would not have an impact on eligibility for any public assistance program. Eligibility for Temporary Assistance requires individuals to be in school or work activities to receive benefits. Mandatory enrollment provisions and penalties will not be applied to parents or guardians of children ages sixteen and seventeen.

Officials from the **Office of State Courts Administrator** state that because the bill is permissive and does not include any reference to juvenile courts, they do not anticipate a significant fiscal impact. Officials from the **Office the State Public Defender** and the **Office of Prosecution Services** assume no fiscal impact to their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
General Revenue			
<u>Cost</u> - Transfers to State School Moneys Fund	(\$0 to 14,799,208)	(\$0 to \$15,243,184)	(\$0 to \$15,700,480)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(\$0 to 14,799,208)	(\$0 to \$15,243,184)	(\$0 to \$15,700,480)
STATE SCHOOL MONEYS FUND			
<u>Income</u> - Transfers from General Revenue Fund	\$0 to \$14,799,208	\$0 to \$15,243,184	\$0 to \$15,700,480

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Cost</u> - Distributions to School Districts	(\$0 to \$14,799,208)	(\$0 to \$15,243,184)	(\$0 to \$15,700,480)
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2002 (10 Mo.)	 FY 2003	 FY 2004
SCHOOL DISTRICTS			
<u>Income</u> - School Districts	\$0 to	\$0 to	\$0 to
Increased State Aid	14,799,208	\$15,243,184	\$15,700,480
<u>Cost</u> - School Districts	(\$0 to	(\$0 to	(\$0 to
Increase School Attendance	\$19,415,500)	\$19,997,965)	\$20,597,904)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>(0 to \$4,616,292)</u>	<u>(0 to \$4,754,781)</u>	<u>(0 to \$4,897,424)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small business would be expected as a result of this proposal.

DESCRIPTION

This bill permits school boards in any district to vote to raise the mandatory attendance age from 16 to 17. Parents and guardians of children between 16 and 17 will not be subject to penalties for non-enrollment or nonattendance.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
 Department of Social Services
 Division of Youth Services
 Division of Family Services
 Office of State Courts Administrator
 Office of the State Public Defender
 Office of Prosecution Services



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 Director
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